

SPECIFICATION AMENDMENTS

Please remove the ABSTRACT and replace it with this new paragraph:

Described herein is technology for inserting and detecting watermarks in signals, such as a music clip. In one described implementation, a watermarking system employs chess spread-spectrum sequences (i.e., “chess watermarks”) to improve the balance of positive and negative chips in the watermarking sequences. In another described implementation, a watermarking system employs an energy-level trigger to determine whether to skip encoding of a portion of a watermark within a given time span of a clip. If a large discrepancy in energy levels exists over a given time frame, then the frame is not watermarked, to avoid audible time-dispersion of artifacts due to spectral modifications. In another described implementation, a watermarking system begins encoding of a watermark at a variable position after the beginning of a clip.

1 Please remove lines 1-12 on page 15 and replace them with this new text:
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In addition, the following co-pending patent application is incorporated by reference herein: U.S. Patent Application Serial No. 09/316,899, entitled "Audio Watermarking with Dual Watermarks" filed on May 22, 1999, and assigned to the Microsoft Corporation.

The following commonly owned (by the Microsoft Corporation) U.S. Patents are incorporated by reference herein:

- U.S. Patent No. 6,029,126, entitled "Scalable Audio Coder and Decoder" issued on February 22, 2000;
- U.S. Patent No. 6,487,574, entitled "A System and Method for Producing Modulated Complex Lapped Transforms" issued on November 26, 2002.